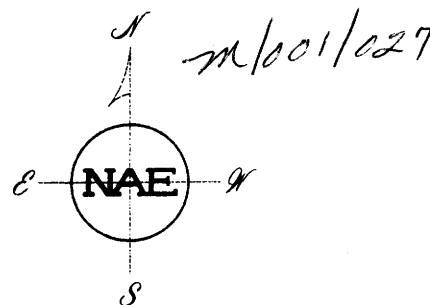


NORTH AMERICAN EXPLORATION, INC.

GEOLOGY GEOPHYSICS GEOCHEMISTRY ENVIRONMENTAL SERVICES



October 3, 2002

RECEIVED

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DIVISION OF
OIL, GAS AND MINING

Mr. Ed Ginouves
U.S. Bureau of Land Management
Cedar City Field Office
176 East D.L. Sargent Drive
Cedar City, Utah 84720

Dear Ed:

We have requested an amendment to enlarge our large mine permit (M/001/027) boundary in Section 1 (Schoo Mine area). We understand that preliminary work by the BLM has outlined two cultural resource areas within the proposed mine area. We question the signification or importance of these sites and are providing additional information in this regard.

We have sent you copies of all the formal surveys, which have been done on State lands in Section 2. These surveys involve a state-approved plan, considerable mapping and mitigation of one site. There are also some letters which provide some background and insight to the situation. We ask that you consider this information as is attached:

1. 4/18/97 - Letter from SHPO (James Dykmann) stating that these would be "No Effect" upon cultural resources by the mining project. This was based in large part on the fact that the entire mine area had been "chained" in the early 1960's.

The Utah DOGM gave tentative approval to the project and advertised this decision in the papers.

2. 5/22/02 - Protest letter from Mari Pritchard Parker (Edward Schoo's granddaughter).
3. 5/22/02 - Protest letter from Adella Schroth - a friend of Ms. Parker.
4. 6/5/02 - Rebuttal letter by Henry Schoo, then owner of the property and Edward Schoo's son.
5. 6/16/02 - Letter from Ms. Schroth, to the DOGM, with "locations of the obsidian quarries" shown on 4 maps.
6. 7/18/02 - Site Inspection Report by DOGM. Parties agreed the mine area was at that time OK, but a cultural resource survey was required before mining could be done outside that area.

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Here are some points regarding prehistoric obsidian – chipping sites in the mine area.

- There is a tremendous amount of obsidian in the area (see Ms. Schroth's maps, for instance). This includes large areas outside the proposed mine permit boundary.
- The obsidian flows occur below the perlite and outside the mine area. The great majority of the obsidian material found in the permit area was carried there.
- There is no water in the mine permit area. For this reason there are no campsites, just chipping sites.
- The top of the ridge has been "chained". Every site has been run over with bulldozers dragging an anchor chain from a large ship. The soil/rubble layer is only a few feet thick above the perlite. This upper zone is highly disturbed.
- The area is visited by many rock hounds and arrowhead collectors. They focus on the black obsidian material and the Schoo area is at the end of one of the main roads. How important is the obsidian material that remains?

Please take these factors into consideration as you review our mining proposal.

Sincerely,



O. Jay Gatten
Consultant –Basin Perlite Company

OJG/la

Attachments

Cc: Correspondence (no attach)
Project (w/attach)
T. Hall – BPC (w/attach)
T. Munson – DOGM (no/attach)